



STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102
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TELECOMMUNICATIONS

IN THE MATTER OF THE PETITION OF)
MCG CAPITAL CORPORATION,)
BRIDGECOM INTERNATIONAL, INC., AND)
TRUCOM CORPORATION FOR)
AUTHORITY TO TRANSFER INDIRECT)
CONTROL OF AUTHORIZED CARRIERS)

ORDER OF APPROVAL

DOCKET NO. TM03120985

(SERVICE LIST ATTACHED)

BY THE BOARD:

On December 11, 2003, pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10, MCG Capital Corporation ("MCG"), BridgeCom International, Inc. ("BridgeCom"), and TruCom Corporation ("TruCom") (together "Petitioners"), filed a petition with the Board of Public Utilities ("Board") requesting the authority to transfer indirect control of BridgeCom and TruCom to MCG. MCG has entered into an agreement with BridgeCom Holdings, Inc. ("Holdings"), the parent company of BridgeCom and TruCom, by which Holdings will become a subsidiary of MCG, which will result in BridgeCom and TruCom becoming indirect subsidiaries of MCG. The approval of the proposed transfer of control will result in MCG indirectly owning the majority of the stock of the merged company. Upon approval, BridgeCom and TruCom will continue to offer services on the same terms, rates, and conditions that they currently provide such services in New Jersey.

BACKGROUND

BridgeCom, a Delaware corporation with offices located in Valhalla, New York, is a wholly owned subsidiary of Holdings, a private Delaware corporation. BridgeCom provides competitive local exchange services in the mid-Atlantic and Northeast regions along with interexchange services in approximately twenty states. In New Jersey, BridgeCom was authorized to provide facilities-based competitive interexchange and local exchange services pursuant to authority granted by Order of the Board on February 6, 2002. See Order, I/M/O the Petition for Order Authorizing BridgeCom International, Inc. to Provide Local Exchange and Interexchange Telecommunications Services Throughout New Jersey, Docket No. TE01010040. TruCom is a New York corporation and, like BridgeCom, has offices in Valhalla, New York. According to Petitioners, TruCom is a sister company to BridgeCom and, like BridgeCom, is a wholly owned subsidiary of Holdings. According to the Petition, TruCom provides interexchange and competitive local exchange services in New York and New Jersey. In New Jersey, TruCom was authorized to provide facilities-based competitive local exchange services pursuant to authority granted by Order of the Board on March 15, 2001. See Order, I/M/O the Petition for Order Authorizing TruCom Corporation to Provide Local Exchange and Interexchange Telecommunications Services Throughout New Jersey, Docket No. TE00090630.

MCG is a publicly traded New York Corporation located in Arlington, Virginia. The Petition states that MCG is a financial services company that provides financing and advisory services to a variety of small to midsized communications, information services, media, and technology companies throughout the United States.

The Petition states that MCG and Holdings have proposed to complete a series of transactions ("Transactions") whereby Holdings will become a subsidiary of MCG and, as a result, BridgeCom and TruCom will become indirect subsidiaries of MCG. According to the Petition, the aggregate purchase price to be paid by MCG to Holdings' shareholders is approximately \$37 million, subject to certain adjustments.

The Petitioners indicate that the Board's approval of this petition will serve the public interest by promoting competition among telecommunications providers in New Jersey by providing BridgeCom and TruCom access to the financial and operational resources required to strengthen their positions in the telecommunications marketplace and meet their respective financial obligations in New Jersey. Moreover, Petitioners claim that the transfer of control will not involve a change in the names under which BridgeCom and TruCom currently operate. The proposed Transactions will be completed at the holding company level, which will not affect the rates, terms, or conditions under which BridgeCom and TruCom provide service in New Jersey. Petitioners have indicated that BridgeCom and TruCom have no employees in New Jersey.

FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board is convinced that, with regard to the provision of service, there will be no negative impact on service to New Jersey customers. All services will continue to be provided to the Petitioners' New Jersey customers without interruption and pursuant to the same tariffs, contracts, rates, terms, and conditions in existence prior to the proposed Transactions.

Accordingly, after careful review of this matter, the Board FINDS that the proposed Transactions will have no negative impact on competition, the rates of current customers, or employees. The Board also FINDS that the proposed Transaction will have no negative impact on the provision of safe, adequate, and proper service. Therefore, the Board, after investigation, having considered the materials submitted in this proceeding, FINDS that the proposed transfer of control is in accordance with law and in the public interest. Therefore, the Board HEREBY ORDERS that Petitioners be and are HEREBY AUTHORIZED to transfer control of BridgeCom and TruCom in conformance with the Petition. Petitioners shall notify the Board of the closing of the proposed Transactions, promptly upon consummation of the transfer.

DATED: 02/11/04

BOARD OF PUBLIC UTILITIES
BY:

(signed)
JEANNE M. FOX
PRESIDENT

(signed)
FREDERICK F. BUTLER
COMMISSIONER

(signed)
CAROL J. MURPHY
COMMISSIONER

(signed)
CONNIE O. HUGHES
COMMISSIONER

(signed)
JACK ALTER
COMMISSIONER

ATTEST:

(signed)
KRISTI IZZO
SECRETARY